NEW ESNA BARRAGE & POWER PROJECT

ANNEX NO. 1

TO CONTRACT AGREEMENT

CONSORTIUM AGREEMENT

* * * * *

<u>CONSORTIUM AGREEMENT</u>

FOR NEW ESNA BARRAGE AND POWER PROJECT
ARAB REPUBLIC OF EGYPT

By and between the following firms:

1. IMPRESIT-GIROLA-LODIGIANI "IMPREGILO" S.p.A., hereinafter referred to as IMPREGILO, with legal address in Via Santa Sofia, 37 - 20122 MILAN (Italy);

2. COGEFAR COSTRUZIONI GENERALI S.p.A., hereinafter referred to as COGEFAR, with legal address in Bastioni di Porta Nuova, 21 - 20121 MILAN (Italy);

forming the Group of civil engineering contractors (hereinafter called the "Civil Engineering Contractors");

and

3. GRUPPO INDUSTRIE ELETTRO MECCANICHE PER IMPIANTI ALL'ESTERO - GIE S.p.A., hereinafter referred to as GIE, with legal address in Via Sebastiano Caboto, 7/A - 20094 CORSICO (Milan), Italy;

4. ROMENERGO ENTERPRISE FOR FOREIGN TRADE, hereinafter referred to as ROMENERGO, with legal address in 91/93, Calea Victoriei - BUCAREST (Romania);

forming the Group of electromechanical contractors (hereinafter called the "Electromechanical Contractors").

Whereas

a) the above firms have submitted to the Ministry of Irrigation - Reservoirs and Grand Barrages Sector - of the Arab Republic of Egypt

(hereinafter referred to as the "Employer") a joint offer for the execution of the "New Esna Barrage and Power Project" (hereinafter referred to as the "Project"; and

b) together with the said joint offer, the above firms presented a "Consortium Declaration" signed in Lugano (Switzerland) on November 27, 1986, committing themselves in case of award of the contract for the execution of the Project (hereinafter referred to as the "Contract"), to constitute a Consortium for the construction of the civil engineering works and the electromechanical works of the Contract, being "EUROCEB" (European Consortium for Esna Barrage) the name of such Consortium; and

c) the above joint offer has been accepted by the Employer and the Contract awarded to the above firms; and

d) the Civil Engineering Contractors, IMPREGILO and COGEFAR, have set up a Joint Venture for the execution of the civil works of the Contract; and

e) the Electromechanical Contractors, GIE and ROMENERGO have associated themselves in consortium for the execution of the electromechanical works of the Contract.

Now therefore, in consideration of the above premises, it is hereby agreed as follows.

ARTICLE 1 - ESTABLISHMENT OF THE CONSORTIUM

1.1 A consortium named EUROCEB (European Consortium for Esna Barrage) is established between the Civil Engineering Contractors and the Electromechanical Contractors for the execution of the Project in compliance with the relevant Contract, including any related and supplementary works, if any.

1.2 Nothing contained in this agreement is intended nor shall be construed as creating a partnership among the undersigned firms. "Affectio societatis" is expressly excluded.

The role of the Committee shall be to consult on all matters affecting the Consortium as a whole vis-à-vis the Employer or Third Parties.

Decisions can be taken by the Management Committee by writing, by telex, or at a meeting.

All decisions made at such meetings shall be by unanimous concurrence of the two Representatives. If a unanimous decision cannot be achieved, the matter in question shall be referred for settlement and decision to the chief executives of IMPREGILO and of GIE who shall decide as soon as possible.

If unanimous decision cannot be achieved and such a decision is urgently required to avoid an actual damage or loss to the members or a delay in the timely performance of the Contract, the Leader shall take a binding interim decision subject to the remedy under Art. 5 hereunder.

3.5 The Leader's functions shall include but not be limited to:

a) representation of the interests of the Consortium with the Employer and Third Parties.

b) technical, commercial and organizational coordination of the Scopes of Work of the Groups of members;

c) carrying out the necessary correspondence with the Employer.

d) furnishing to the Groups of members copies of correspondence to or from the Employer relating to commercial matters, any matter concerning the liabilty of the Consortium, and other important documentation;

e) maintaining adequate books and records of the Consortium and submitting periodically to the Management Committee the relevant accounting documents;

3.6 The Members shall give the Leader, through their Group Representative, their utmost support in the implementation of his functions, and, in particular, all documents and information required by the Leader for the proper implementation of the Contract with the Employer shall be made available to the Leader in the form and at the time reasonably requested by the Leader.

ARTICLE 4 - PAYMENTS

4.1 Payments shall be made by the Employer directly to each of the Members (or group of them for civil works) of the Consortium for their respective portions of the Contract value; moreover for reasons connected with the financing, the payment of the Austrian Schilling portion shall be made directly to the sub-contractor of GIE Messrs. ELIN-UNION AG FUR ELEKTR INDUSTRIE, Vienna, Austria (simply referred to as ELIN hereinafter). Each Member of the Consortium (or group of them for civil works) and ELIN as well will thus directly submit Statements of Accounts or Invoices and receive payments concerning their respective portions of the Contract value.

ARTICLE 5 - ARBITRATION

Any dispute arising among the Civil Engineering Contractors and the Electromechanical Contractors in connection with the interpretation or implementation of this Consortium Agreement that it is not possible to settle amicably, shall be referred to the award of a board of three arbitrators, under the Conciliation and Arbitration Rules of the Chamber of Commerce of Milan.

ARTICLE 6 - DURATION

6.1 This Agreement shall be effective as of the day of its signature and shall terminate upon occurrence of any of the events listed below.

6.2 The Contract with the Employer has been fully performed in accordance with its terms and conditions, full and complete payment has been made thereon and all rights and liabilities with respect of the Employer or third Parties have terminated or expired and there are no liabilities to be adjusted among the Members, or

6.3 the Contract has been terminated by the Employer or by mutual

agreement, provided there are no liabilities to be adjusted among the Members, in which event, upon completion of such adjustments among the Members and after full payment has been made pursuant thereto.

Any termination of this Agreement for whatever cause shall not affect or be deemed to affect any right or obligation of any Members which arose prior to such termination.

Impresit-Girola-Lodigiani - IMPREGILO S.p.A.

....

COGEFAR S.p.A.

....

G.I.E. S.p.A.

Athos Zonti

....

ROMENERGO

....

Lugano ...., December 15th 1988

No. 36277 - Lugano, 16th December 1988 (nineteenhundredeightyeight)- I certify as to be true the signatures on the back-side of --------- Mr. Ermanno Bizzocchi, Italian citizen born in Reggio Emilia on the 24.11.1933, resident in Milan, Via Trincea delle Frasche 2, identity card no. 69454530; Mr. Pino Lucano, Italian citizen born in Capo d'Istria (Jugoslavia) on the 28.1.1936, resident in Milan, Bastioni di Porta Nuova 21, passport no. 426027B; --------- Athos Zanti, Italian citizen born in Reggio Emilia on the 18.4.1927, resident in Milan, driving licence no. 468044 and of ______________ Mr. Traian-Ion Brinzaru, Roumanian citizen born in Tirgoviste on the 4.6.1940, resident in Bucarest, passport no. R- 288524, who have affixed before me and at my sight and are therefore authentic. ----- I also confirm that the above mentioned persons are authorized to sign for the companies Impregilo SpA, Milan; Cogefar Industrie Elettro Meccaniche per Impianti all'Estero G.I.E. SpA, Milan; ------ Cogefar Costruzioni Generali SpA, Corsico and Romenergo Enterprises for Foreign Trade, Bucarest according to the power of attorney by me notary personally controlled. -----------------------------------

JOHN ROSSI NOTAIO

avv. John Rossi notaio Lugano

LUGANO: 21 DIC. 1988

Si certifica l'autenticità della premessa firma e del sigillo del notaio

avv. John Rossi

conformi agli originali depositati presso questo Tribunale.

CAMERA PER L'AVVOCATURA
E IL NOTARIATO

TASSA Fr. 10.—

تحصلت الرسوم المستحقة القنصلية
رقم بتاريخ ٣٦٦٥٩ ٢٧/١٢/٨٨

138529

LA CANCELLERIA DELLO STATO della Repubblica e Cantone del Ticino certifica l'autenticità delle firme e del bollo apposte al presente atto dal

sig. Nadia Bordogna-Funz Amm

Bellinzona, 21 DIC. 1988

CARMELO MAZZA
Capoufficio

قنصلية جمهورية مصر العربية
في مدينة برن - سويسرا
صحة توقيع وخاتم
الذي في مسئولية قبل القنصلية
محتويات الوثيقة
٤٣٣٥
بالعملة المصرية
العملة المحلية
القنصل

APPENDIX 1
TO CONSORTIUM AGREEMENT

The division between the Groups and the allocation of the different Scopes of Works are the following:

A) Civil Engineering Contractors

CIVIL WORKS: B.O.Q Bills n. 1 through 13 and n. 25.

B) Electromechanical Contractors

ELECTROMECHANICAL WORKS: B.O.Q. Bills n. 14 through n. 20 and additional spare parts.

C) Possible Day Works or additional works and supplies will be allocated to the Civil Engineering Contractors or to the Electromecanical contractors in consideration of the technical link with the relevant scope of works.

The Civil Engineering Contractors

IMPRESIT-GIROLA-LODIGIANI
IMPREGILO S.p.A.

COGEFAR
Costruzioni Generali S.p.A.

The Electromechanical Contractors

Gruppo Industrie Elettromeccaniche
per Impianti all'Estero
G.I.E. S.p.A.

Atthos Zonti.

ROMENERGO Enterprise
for Foreign Trade

No. 36278 - Lugano, 16th December 1988 (nineteenhundredeightyeight) -
I certify as to be true the signatures on the back-side of ---------
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I also confirm that the above mentioned persons are authorized to sign for the companies Impregilo SpA, Milan; Cogefar Industrie Elettro Meccaniche per Impianti all'Estero G.I.E. SpA, Milan; ---- Cogefar Costruzioni Generali SpA. Corsico and Romenergo Enterprises for Foreign Trade, Bucarest, according to the power of attorney by me notary personally controlled. -------------------------------

avv. John Rossi notaio Lugano

LUGANO: 21 DIC. 1988

Si certifica l'autenticità della premessa firma e del sigillo del notaio

avv John Rossi

conformi agli originali depositati presso questo Tribunale.

CAMERA PER L'AVVOCATURA E IL NOTARIATO

TASSA Fr. 10.—

132022

LA CANCELLERIA DELLO STATO della Repubblica e Cantone del Ticino certifica l'autenticità delle firme e del bollo apposte al presente atto dal

sig. Nadia Bordogna - funz. Amm.

Bellinzona, 21 DIC. 1988

CARMELO MAZZA
Capoufficio

Tassa Fr. 25

قنصلية جمهورية مصر العربية
مدينة برن – سويسرا

٥٢٦٦٥٩ ١٨/١٢/٢٧

صحة توقيع وخاتم
أدنى مسئولية قبل القنصلية
محتويات الوثيقة .

٤٣٣٤
بالعملة المصرية
العملة المحلية

التاريخ ١٩٨٨/١٢/٢٧

القنصل

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The Civil Engineering Contractors

IMPRESIT-GIROLA-LODIGIANI
IMPREGILO S.p.A.

COGEFAR
Costruzioni Generali S.p.A.

The Electromechanical Contractors

Gruppo Industrie Elettromeccaniche
per Impianti all'Estero
G.I.E. S.p.A.

ROMENERGO Enterprise
for Foreign Trade

NEW ESNA BARRAGE & POWER PROJECT

ANNEX NO. 2

TO CONTRACT AGREEMENT

CONDITIONS OF PAYMENT

FOR CIVIL WORKS AND ELECTROMECHANICAL EQUIPMENT

* * * * *

I N D E X

1. Payments for Civil Works

    1.1 Advance Payments
    1.2 Payment of Works and other payments
    1.3 Payments covered by Italian Grant
    1.4 Contingencies

2. Payments for Electromechanical Equipment

    2.1 GIE Portion

        A. Foreign Currency Portion

            A.1 Section 0 (covered by Italian Grant)
            A.2 Section 14 - 20
                A.2.1 Equipment CIF Egyptian Port
                A.2.2 Erection and commissioning
                A.2.3 Spare parts and tools
            A.3 Contingency amount

        B. Local Currency Portion

        C. Other payment

    2.2 ELIN Portion (Foreign currency only)

        2.2.1 Equipment CIF Egyptian Port
        2.2.2 Erection and commissioning
        2.2.3 Spare parts and tools
        2.2.4 Contingency amount
        2.2.5 Other payment

    2.3 ROMENERGO Portion

        2.3.1 Foreign Currency Portion

            2.3.1.1 Equipment CIF Egyptian Port
            2.3.1.2 Erection and commissioning
            2.3.1.3 Spare parts and tools
            2.3.1.4 Contingency amount

        2.3.2 Local currency portion

        2.3.3 Other payment

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1. MODE OF PAYMENTS FOR CIVIL WORKS

The total amounts for civil works portion to be paid to IMPREGILO and COGEFAR are:

a) Civil Works

Egyptian Pounds	:	65.851.240.=
Italian Liras	:	12.277.953.391.=
US Dollars	:	38.472.281.=

b) Dayworks

Egyptian Pounds	:	1.317.025.=
Italian Liras	:	245.559.068.=
US Dollars	:	769.446.=

1.1 Advance payments

Advance payments for initial Contract Prices will be invoiced by the Contractor and shall be paid as detailed in Sub-article (6.1) of Contract Agreement.

1.2 Payment of works and other payments

A) Payment of Works

The Contractor shall submit to the Engineer and the Employer at monthly intervals a Statement of Account in a form accepted by the Engineer which shall show the estimated value of the Works executed from the commencement of the Works up to the end of the previous month. The Engineer and the Employer will check the said statement and will issue a Provisional Certificate based thereon where the due amount is stated in the following measure:

A-1) 95% (ninety-five percent) of the value of the Works in accordance with the Contract Specifications executed from the commencement of the Works up to the end of the previous month, calculated on the basis of the Contract rates and prices, being the remaining 5% (five percent) the retention money.

Subject to the provisions of the Egyptian Laws the above mentioned 5% (five percent) retention money shall be released and certified in the Provisional Monthly Certificate against Letters of Guarantee acceptable to the Employer and valid until 30 (thirty) days after the issuance of the last Certificate of Completion.

A-2) 60% (sixty percent) of the value of non rejected material on site intended to be incorporated in the Works evaluated on the following basis:

i) For locally purchased or produced materials, according to the rates and prices prevailing in the local market at the date of their purchase.

ii) For imported materials through the analysis of the relevant Contract Unit Prices.

The amount due to the Contractor derives from the difference between the total Statement of Account submitted as above stated and the one submitted in the preceding month after applying the deductions according to the Contract provisions.

B) <u>Other Payments</u>

Any other payment due to the Contractor under the provisions of this Contract will be included in the monthly Provisional Certificate after checking and approval by the Engineer/Employer of the relevant documentation.

1.3 <u>Payments covered by Italian Grant</u>

1.3.1 The total amount of 12.523.512.459,= Italian Liras is covered by a Grant of the Italian Government.

This amount is covering the activities for design, planning, civil working drawings, hydraulic scale model test, geotechnical reports and day works.

This Grant amount is divided as follows:

01/102	- Detailed Design	Lit:	12.195.835.794,=
01/103	- Hydraulic Scale Model Test	"	55.130.098,=
02/1038	- Final Geotechnical Report	"	26.987.499,=
0.C	- Day Work	"	245.559.068,=

The main lines of the itemization and mode of payment are shown herebelow at 1.3.2.

1.3.2 Itemization

item

0/1 - 102 Detailed design 100 %

Detailed Design: complete at approval of: 53 %

- Cofferdam Design 8 %
- Dewatering Design 8 %
- Excavation Design 10 %
- Concrete Struct. Design 20 %
- Closure Dam Design 7 %

Detailed Planning and Construction Methods studies 10 %

Detailed Working Drawings complete at approval of: 37 %

- Temporary Cofferdam Drwg 6 %
- Dewatering Drawings 5 %
- Excavation Drawings 4 %
- Concrete Structures Drwg 18 %
- Closure Dam Drawings 4 %

0/1 - 103 Hydraulic Scale Model Tests 100 %

- 1st Constr. Report Tests 30 %
- 2nd " " " 30 %
- 3rd " " " 40 %

0/2 - 1038 Final Geotechnical Report 100 %

- Navigation Lock Report 25 %
- Power House Report 25 %
- Spillway Report 25 %
- Dam Report 25 %

O/C Day Works
To be defined according to necessity

1.3.3 As soon as possible within 8 (eight) months from the signature of the Contract advance payments of 20 % (twenty percent) will be paid and then deducted prorata from each following payments from the same Grant.

1.3.4 Further detailed breakdown of each event for progress payments will be agreed with the Engineer on the basis of the above basic breakdown

1.3.5 The itemization in above 1.3.2 is subject to the approval of the Italian concerned Authorities.

1.3.6 The above quoted amounts will be invoiced directly to the Italian Government and paid directly to IMPREGILO, on behalf of the Civil Group by the Italian Authorities, in instalments upon submission to the Italian Authorities of proper documents drawn up by IMPREGILO and approved by the Employer.

1.4 Contingencies

The mode of payments for possible contingencies shall be agreed upon between the Employer and the Contractor in accordance with what these contingencies are needed for.

2. PAYMENTS FOR ELECTROMECHANICAL EQUIPMENT
Section 0 ; section 14 - 20

All the invoices for Electromechanical portion except those related to shipment will be presented to the Employer through GIE for approval.

The detailed procedure for proceeding with specific drawdown for the various financing shall be included in the Loan Conventions and Agreements. With particular reference to disbursments of the amounts due out of the payments upon shipments, the following procedures shall be followed:

(i) The Contractor or Elin will submit to the Employer (with copy to the foreign Agent Bank) preliminary documents for approval (pro-forma invoice and preliminary packing list) in advance of the shipments date. The Employer will notify the foreign Agent Bank his

approval/disapproval within 45 (forty-five) days from the date of their receipt from the Contractor or Elin. Payments shall be effected to the Contractor or to Elin upon presentation of the original shipping documents including commercial invoice identical to the proforma invoice approved as listed in the present Annex to the foreign Agent Bank.

In case the preliminary documents approved by the Employer would cover only a portion of the equipment being subject of the original shipping documents, then the payments to be effected by the foreign Agent Bank to the Contractor or to Elin as hereinabove stated shall be limited to that portion only.
For obtaining the payment of the balance the Contractor or Elin will invoice its amount to be approved by the Employer.

(ii) In case the Contractor or Elin will not submit to the Employer preliminary documents as hereinabove considered in advance of the shipments, then the payments shall be effected to the Contractor or to Elin by the foreign Agent Bank upon presentation of the original shipping documents approved by the Employer.

2.1 <u>GIE Portion</u>

A. <u>Foreign currency portion</u>

The total foreign currency portion pertaining to GIE amounts to:

a) Italian Liras 12.120.487.541 (twelve billion and one hundred twenty million and four hundred eighty seven thousand and five hundred forty one only)

plus

b) USA Dollars 49.702.939,=(fortynine million and seven hundred two thousand and nine hundred thirty nine only)

A.1 <u>Section 0</u>

The total amount of this section is Italian Liras 12.120.487.541 (twelve billion and one hundred twenty million and four hundred eighty seven thousand and five hundred forty one only) and it is covered by a "Grant" of the Italian Government.

This amount is covering part of the basic and detail design of the main equipment, base and detail design of complete power station, drawing-up of operation

and maintenance manuals, training in Italy of the Employer's personnel and technicians, technical assistance during erection, commissioning, start-up and test-runs of the power station.

The above quoted amount will be paid directly to GIE by the Italian Authorities, by instalments against submission by GIE to the Italian Authorities of proper documents including Invoices drawn-up by GIE, and approved by the Employer as per provision of Article (6).

The itemization of the Grant portion will be subject to the approval of the Italian concerned Authorities within the frame of the rules and procedures governing the grant utilization on the basis of the following main items:

0.1)	Part of basic and detailed design of the main equipment; basic and detailed design of the complete power station and technical coordination;	8.635.417.686
0.2)	operation and maintenance manuals;	357.350.000
0.3)	training of Employer's personnel in Italy;	436.250.000
0.4)	technical assistance during the erection, commissioning, start-up and reliability run of the plant.	2.691.469.855
	TOTAL	12.120.487.541

The mode of payment will be as follows:

<u>Section 0.1</u>

20 % (twenty percent) within 8 (eight) months from the signature of the Contract.

20 % (twenty percent) shall be invoiced upon approval of Model Test Report.

30 % (thirty percent) shall be invoiced upon complete casting of the three blades of the first turbine runner as certified by the Engineer.

15 % (fifteen percent) shall be invoiced upon complete machining of the rotor spider of the third generator as certified by the Engineer.

15 % (fifteen percent) shall be invoiced upon Certificate of Completion of the last Unit.

Section 0.2

20 % (twenty percent) within 8 (eight) months from the signature of the Contract.

40 % (forty percent) shall be invoiced upon receipt of all erection manuals of the Electromechanical equipment.

40 % (forty percent) shall be invoiced upon receipt of all operating manuals for electromechanical equipment.

Section 0.3

20 % (twenty percent) within 8 (eight) months from the signature of the Contract.

80 % (eighty percent) shall be invoiced pro-quota of training performed in Italy of the Employer's personnel.

Section 0.4

20 % (twenty percent) within 8 (eight) months from the Signature of the Contract.

65 % (sixty five percent) shall be invoiced pro-quota Monthly Progress Reports approved by the Employer.

15 % (fifteen percent) shall be invoiced pro-quota upon Certificate of Completion of each section/unit pro-rata of their respective values.

A.2 Section 14 -20

Payments in foreign currency due in respect of these Sections will be covered by direct disbursements out of the Soft Loan and the Buyer's Export Credit, granted to the Employer in the framework of the Italian Law No. 227 of 24th May 1977 with subsidy of Mediocredito Centrale, remitted directly to GIE.

A.2.1 Equipment CIF Egyptian Port

a) Advance Payment

20% (USA Dollars 8.858.776.= eight million and eight hundred fifty eight thousand and seven hundred seventy six only) within 8 (eight) months from the signature of the Contract against presentation of a Bank guarantee in the same amount to be reduced pro-quota of shipments.

b) Progress Payment

50% (USA Dollars 22.146.939,= twenty two million and one hundred forty six thousand and nine hundred thirty nine only) upon each partial shipment, against presentation of shipping documents and pro-rata of the CIF value of shipped equipment. The shipping documents are the following:

- Bill of lading or A.W.B. (two over three originals plus six copies to the Bank; one over three originals to the Clearing Agent. Stale documents are allowed);
- Commercial Invoice (one original plus six copies);
- Certificate of Origin (one original plus six copies);
- Packing list (one original plus six copies);
- Inspection and/or Manufacturer's certificate (one original plus six copies);
- Freight insurance certificate (one original plus six copies).

In case of suspension of the works decided by the Employer the Bill of lading or A.W.B. will be replaced by the warehouse receipt and the freight Insurance Certificate will be replaced by storage Insurance Certificate, if the Employer so directs in writing to the Contractor to proceed in such a way instead of shipping the equipment. A Bank guarantee should be submitted according to the Provisions of Clause 40 of Conditions of Contract.

15% (USA Dollars 6.644.082,= six million and six hundred forty four thousand and eighty two only), pro- rata of CIF value of the equipment at their arrival to the site against invoice accompanied by written statement of the Contractor confirming the arrival to the Site in a satisfactory condition.

This invoice has to be approved by the Employer within 30 (thirty) days from its presentation by the Contractor to the Employer to allow payment within 60 (sixty) days.

15% (USA Dollars 6.644.082,= six million and six hundred forty four thousand and eighty two only) against Invoice approved by the Employer accompanied by Certificate of Completion of each section/unit, pro-rata of their respective values.

A.2.2 <u>Erection and commissioning</u>

a) <u>Advance Payment</u>

20% (USA Dollars 660.438,= six hundred sixty thousand and four hundred thirty eight only) within 8 (eight) months from the signature of the Contract against presentation of a Bank guarantee in the same amount, to be reduced pro-quota of services rendered and works performed.

b) <u>Progress Payment</u>

65% (USA Dollars 2.146.422,= two million and one hundred forty six thousand and four hundred twenty two only) against approved Invoices accompanied by the Monthly Progress Reports approved by the Employer. Payment to be effected within 60 (sixty) days from the submission of the Monthly Progress Report by the Contractor to the Employer for approval.

15% (USA Dollars 495.328,= four hundred ninety five thousand and three hundred twenty eight only) against approved Invoice accompanied by Certificate of Completion of each section/unit, pro-rata of their respective values.

A.2.3 Spare parts and tools

a) Advance Payment

20% (USA Dollars 421.374,= four hundred twenty one thousand and three hundred seventy four only) within 8 (eight) months from the signature of the Contract against presentation of a Bank guarantee in the same amount by the Contractor, to be reduced pro-quota of the shipments.

b) Progress Payment

80% (USA Dollars 1.685.498,= one million and six hundred eighty five thousand and four hundred ninety eight only) against approved invoices upon arrival at site of each partial shipment pro-rata of the CIF value of the equipment shipped accompanied by the following documents:

- The shipping documents as listed under item (A.2.1), plus
- Statement of inspection and receipt at site approved by the Employer. This approval will be given within 60 (sixty) days from its presentation by the Contractor to the Employer.

In case the Employer fails to give such approval within 60 (sixty) days, then the provisions of Article (6.11.4) will apply.

In case of suspension of works decided by the Employer, the Bill of lading or A.W.B. and the statement of arrival at site will be replaced by the warehouse receipt following the same principles as stated under item (A.2.1).

The spare parts and tools shall be delivered before the issuance of the Certificate of Completion of the first unit.

A.3 Contingency amount

Payments conditions applicable to the contingency amount, to be utilized to cover additional supply and/or services of Electromechanical portion shall

be in agreement with the corresponding conditions established hereinabove in items(A.2.1), (A.2.2) and (A.2.3) depending upon the scope of said supplies and/or services. The advance payment will be paid on the opportunity of placing each additional order.

B. Local currency portion

The total local currency portion pertaining to GIE amounts to Egyptian Pounds 13.628.375,= (thirteen million and six hundred twenty eight thousand and three hundred seventy five only) and covers local transport, erection and works.

a) Advance Payment

7.5% (Egyptian Pounds 1.022.128,= one million and twenty two thousand and one hundred twenty eight only) within 45 (forty five) days from the signature of the Contract, against a Letter of Guarantee in the same amount, to be reduced pro-rata of services rendered and works performed.

7.5% (Egyptian Pounds 1.022.128,= one million and twenty two thousand and one hundred twenty eight only) within 90 (ninety) days from the signature of the Contract against a Letter of Guarantee in the same amount, to be reduced pro-rata of services rendered and works performed.

5.0% (Egyptian Pounds 681.419,= six hundred eighty one thousand and four hundred nineteen only) within 135 (one hundred thirty five) days from the signature of the Contract against a Letter of Guarantee in the same amount, to be reduced pro-rata of services rendered and works performed.

b) Progress Payment

65% (Egyptian Pounds 8.858.444,= eight million and eight hundred fifty eight thousand and four hundred forty four only) against approved invoices accompanied by Monthly Progress Reports approved by the Employer. Payments to be effected within 60 (sixty) days from the date of submission of each Monthly Progress Report to the Employer for approval.

19

15% (Egyptian Pounds 2.044.256,= two million and forty four thousand and two hundred fifty six only) against approved Invoices accompanied by Certificate of Completion of each section/unit, pro-rata of their respective values.

C. Other payment
Any other payment due to the Contractor under the provisions of this Contract.

2.2 ELIN Portion (Foreign currency only)

The total foreign currency portion pertaining to ELIN amounts to:
Austrian Schillings 127.402.367,= (one hundred twenty seven million and four hundred two thousand and three hundred sixty seven only) which covers the value, in foreign currency, related to section No. 17, for its scope of supply and services, the relevant payment conditions are set forth herebelow.

Payments in respect of this section will be covered by direct disbursements out of the Austrian commercial credit, to cover the 15% (fifteen percent) advance payment, and the Austrian Soft-loan to cover the remaining 85% (eighty five percent). Payments will be made directly to ELIN by disbursements out of the Austrian loans.

2.2.1 Equipment CIF Egyptian Port

a) Advance Payment

15% (Austrian Schillings 17.791.503,= seventeen million and seven hundred ninety one thousand and five hundred three only) within 8 (eight) months from the signature of the Contract, against presentation of a Bank guarantee in the same amount to be reduced pro-quota of shipments.

b) Progress Payment

5 % (Austrian Schillings 5.930.500,= five million and nine hundred thirty thousand and five hundred only) as an interim payment within 10 (ten) months from the

signature of the Contract, against presentation of a bank guarantee in the same amount to be reduced pro-quota of shipments.

50 % (Austrian Schillings 59.305.008,= fifty nine million and three hundred five thousand and eight only) upon each partial shipment, against presentation of shipping documents and pro-rata of the CIF value of shipped equipment. The shipping documents are the following:

- Bill of lading or A.W.B. (two over three originals plus six copies to the Bank; one over three originals to the Clearing Agent. Stale documents are allowed);
- Commercial invoice (one original plus six copies);
- Certificate of Origin (one original plus six copies);
- Packing list (one original plus six copies);
- Inspection and/or Manufacturer's certificate (one original plus six copies);
- Freight Insurance Certificate (one original plus six copies).

In case of suspension of the works decided by the Employer the Bill of lading or A.W.B. will be replaced by the warehouse receipt and the freight Insurance Certificate will be replaced by storage Insurance Certificate, if the Employer so directs in writing to the Contractor to proceed in such a way instead of shipping the equipment. A Bank guarantee should be submitted according to the provisions of Clause (40) of Conditions of Contract.

15 % (Austrian Schillings 17.791.503,= seventeen million and seven hundred ninety one thousand and five hundred three only), pro-rata of CIF value of the equipment at their arrival to the site against invoice accompanied by the written statement of the Contractor confirming the arrival to the site in a satisfactory condition.

This invoice has to be approved by the Employer within 30 (thirty) days from its presentation by ELIN to the Employer to allow payment within 60 (sixty) days.

15 % (Austrian Schillings 17.791.503,= seventeen million and seven hundred ninety one thousand and five hundred three only) against Invoice approved by the Employer accompanied by Certificate of Completion of each unit, pro-rata of its respective value.

2.2.2 Erection and commissioning

a) Advance Payment

15 % (Austrian Schillings 825.000,= eight hundred twenty five thousand only) within 8 (eight) months from the signature of the Contract against presentation of a Bank guarantee in the same amount, to be reduced pro-quota of services rendered and works performed.

b) Progress Payment

5 % (Austrian Schillings 275.000,= two hundred seventy five thousand only) as an interim payment within 10 (ten) months from the signature of the Contract, against presentation of a bank guarantee in the same amount to be reduced pro-quota of services rendered and works performed.

65 % (Austrian Schillings 3.575.000,= three million and five hundred seventy five thousand only) against approved Invoices accompanied by the Monthly Progress Reports approved by the Employer. Payment to be effected within 60 (sixty) days from the submission of the Monthly Progress Report to the Employer approval.

15 % (Austrian Schillings 825.000,= eight hundred twenty five thousand only) against approved Invoice accompanied by Certificate of Completion of each unit, pro-rata of its respective value.

2.2.3 Spare parts and tools

a) Advance Payment

15 % (Austrian Schillings 493.853,= four hundred ninety three thousand and eight hundred fifty three only) within 8 (eight)

months from the signature of the Contract against presentation of a Bank guarantee in the same amount to be reduced pro-quota of the shipments.

b) Progress Payment

5 % (Austrian Schillings 164.617,= one hundred sixty four thousand and six hundred seventeen only) as an interim payment within 10 (ten) months from the signature of the Contract, against presentation of a bank guarantee in the same amount to be reduced pro-quota of shipments.

80 % (Austrian Schillings 2.633.880,= two million and six hundred thirty three thousand and eight hundred eighty only) against approved invoices upon arrival at site of each partial shipment pro-rata of the CIF value of the equipment shipped, accompanied by the following documents:

- The shipping documents as listed under item (2.2.1), plus
- Statement of inspection and receipt at site approved by the Employer. This approval will be given within 60 (sixty) days from its presentation to the Employer. In case the Employer fails to give such approval within 60 (sixty) days, then the provisions of Article (6.11.4) will apply.

In case of suspension of works decided by the Employer, the Bill of lading or A.W.B. and statement of arrival at site will be replaced by the warehouse receipt following the same principles as stated under item (2.2.1).

The spare parts and tools shall be delivered before the issuance of the Certificate of Completion of the first unit.

2.2.4 Contingency amount

The foreign currency portion of the contingency amount included in the Contract in respect of the

Austrian component, is completely covered by the Austrian Loans and the relevant payments will be covered by means of disbursements from these Loans.

Payment conditions applicable to each portion of the contingency amount, shall be in agreement with the same conditions established hereinabove in items (2.2.1), (2.2.2) and (2.2.3) respectively depending upon the scope of supplies and/or services.

The 15% (fifteen percent) advance payment will be paid on the opportunity of placing each additional order.

2.2.5 Other payments

Any other payment due to ELIN under the provisions of this Contract.

2.3 ROMENERGO portion

2.3.1 Foreign Currency portion

The total foreign currency portion pertaining to ROMENERGO amounts to:
USA Dollars 9.001.610,= (nine million one thousand and six hundred ten only) which covers the value in foreign currency, of the sections No (14)-(15)-(18) partially pertaining to Romenergo's scope of supply and services. The applicable payment conditions are set forth herebelow.

Payments will be effected utilizing the Commercial Loan to be finalized between Banca Nazionale del Lavoro and the Employer (to cover the 15% (fifteen percent) advance payment), and the Supplier's Credit made available by Romenergo as indicated by the payment conditions to cover the remaining 85% (eighty five percent).

Payments related to Romenergo's scope of supply will be directly remitted to Romenergo out of the Commercial Loan or the Romenergo's supplier's Credit, as applicable.

2.3.1.1 Equipment CIF Egyptian Port

a) Advance Payment

15 % (USA Dollars 1.160.906,= one million and one hundred sixty thousand and nine hundred six only) within 8 (eight) months from the signature of the Contract against presentation of a Bank guarantee in the same amount to be reduced pro-quota of shipments.
This payment will be made out of the commercial loan.

b) Progress Payment

51 % (USA Dollars 3.947.078,= three million and nine hundred forty seven thousand and seventy eight only) upon each partial shipment, against presentation of shipping documents and pro-rata of the CIF value of shipped equipment. The shipping documents are the following:

- Bill of lading or A.W.B. (two over three originals plus six copies to the Bank; one over three originals to the Clearing Agent. Stale documents are allowed);
- Commercial invoice (one original plus six copies);
- Certificate of Origin (one original plus six copies);
- Packing list (one original plus six copies);
- Inspection and/or Manufacturer's certificate (one original plus six copies);
- Freight Insurance Certificate (one original plus six copies).

In case of suspension of the works decided by the Employer the Bill of lading or A.W.B. will be replaced by the warehouse receipt and the freight insurance certificate will be replaced by storage insurance Certificate, if the Employer so directs in writing to the Contractor to proceed in such a way instead of shipping the equipment. A Bank guarantee should be submitted according to the Provisions of Clause (40) of Conditions of Contract.

This payment will be made out of Romenergo's Supplier's Credit by way of release of Promissory Notes as specified in the relevant Credit Agreement.

17 % (USA Dollars 1.315.693,= one million and three hundred fifteen thousand and six hundred ninety three only), pro-rata of CIF value of the equipment at their arrival at site against invoice accompanied by written statement of the Contractor confirming the arrival to the site in a satisfactory condition.

This invoice has to be approved by the Employer within 30 (thirty) days from its presentation by the Contractor to the Employer to allow payment within 60 (sixty) days.

This payment will be made out of Romenergo's Supplier's Credit by way of release of Promissory Notes as specified in the relevant Credit Agreement.

17 % (USA Dollars 1.315.693,= one million and three hundred fifteen thousand and six hundred ninety three only) against invoice approved by the Employer accompanied by Certificate of Completion of each section/unit, pro-rata of their respective values.

This payment will be made out of Romenergo's Supplier's Credit by way of release of Promissory Notes as specified in the relevant Credit Agreement.

2.3.1.2 Erection and commissionning

a) Advance Payment

15 % (USA Dollars 78.195,= seventy eight thousand and one hundred ninety five only) within 8 (eight) months from the signature of the Contract against presentation of a Bank guarantee in the same amount, to be reduced pro-quota of services rendered and works performed.

This Payment will be made out of the Commercial Loan.

b) Progress Payment

68 % (USA Dollars 354.484,= three hundred fifty four thousand and four hundred eighty four only) against approved invoices accompanied by the Monthly Progress Reports approved by the Employer. Payment to be effected within 60 (sixty) days from the submission of the Monthly Progress Report by the Contractor to the Employer for approval.

This payment will be made out of Romenergo's Supplier's Credit by means of release of Promissory Notes as specified in the relevant Credit Agreement.

17 % (USA Dollars 88.621,= eighty eight thousand and six hundred twenty one only) against approved invoice accompanied by Certificate of Completion of the section/unit, pro-rata of their respective values.
This payment will be made out of Romenergo's Supplier's Credit by means of release of Promissory Notes as specified in the relevant Credit Agreement.

2.3.1.3 Spare parts and tools

a) Advance Payment

15 % (USA Dollars 111.141,= one hundred eleven thousand and one hundred forty one only) within 8 (eight) months from the signature of the Contract against presentation of a Bank guarantee in the same amount by the Contractor, to be reduced pro-quota of the shipments.

This payment will be made out of the Commercial Loan.

b) Progress Payment

85 % (USA Dollars 629.799,= six hundred twenty nine thousand and seven hundred ninety nine only) against approved invoices upon arrival at site of each partial shipment pro-rata of the CIF value of the equipment shipped accompanied by the following documents:

- The shipping documents as listed under item (2.3.1.1),

  plus

- Statement of inspection and receipt at site approved by the Employer. This approval will be given within 60 (sixty) days from its presentation by the Contractor to the Employer.

In case the Employer fails to give such approval within 60 (sixty) days, then the provisions of Article (6.11.4) will apply.

In case of suspension of works decided by the Employer, the Bill of lading or A.W.B. and statement of arrival at site will be replaced by the warehouse receipt following the same principles as stated under item (2.3.1.1).

This payment will be made out of Romenergo's Supplier's Credit by a way of release of Promissory Notes as specified in the relevant Credit Agreement.

The spare parts and tools shall be delivered before the issuance of the Certificate of Completion of the first unit.

2.3.1.4 Contingency amount

The contingency amount will be covered by the Romenergo's Supplier's Credit and the relevant payment will be covered by Promissory Notes as specified in the relevant Credit Agreement.

Payments conditions applicable to the contingency amount, utilized to cover additional supply and/or services shall be in agreement with the same conditions established hereinabove in items (2.3.1.1), (2.3.1.2) and (2.3.1.3) respectively, depending upon the scope of supplies and/or services to be covered.

The 15% (fifteen percent) advance payment will be paid on the opportunity of placing each additional order.

2.3.2 Local Currency Portion

The total local currency portion pertaining to Romenergo amounts to Egyptian Pounds 4.063.700,= (four million sixty three thousand seven hundred only) and covers local supplies and services.

a) Advance Payment

7.5% (Egyptian Pounds 304.777,= three hundred four thousand and seven hundred seventy seven only) within 45 (forty five) days from the signature of the Contract, against a Letter of Guarantee in the same amount, to be reduced pro-rata of services rendered and works performed and supplies made.

7.5% (Egyptian Pounds 304.778,= three hundred four thousand and seven hundred seventy eight only) within 90 (ninety) days from the signature of the Contract against a Letter of Guarantee in the same amount, to be reduced pro-rata of services rendered and works performed and supplies made.

5.0% (Egyptian Pounds 203.185,= two hundred three thousand and one hundred eighty five only) within 135 (one hundred thirty five) days from the signature of the Contract against a Letter of Guarantee in the same amount, to be reduced pro-rata of services rendered and works performed and supplies made.

b) Progress Payment

65 % (Egyptian Pounds 2.641.405,= two million six hundred forty one thousand and four hundred five only) against approved invoices accompanied by Monthly Progress Reports, approved by the Employer. Payments to be effected within 60 (sixty) days from the date of submission of each Monthly Progress Reportby the Contractor to the Employer for approval.

15 % (Egyptian Pounds 609.555,= six hundred nine thousand and five hundred fifty five only) against approved invoice accompanied by certificate of completion of the section/unit, pro-rata of their respective values.

2.3.3 Other payments

Any other payment due to the Contractor under the provisions of this Contract.

3. In all cases payments will be according to sub-Article (6.5.1) of the Contract Agreement or sub-Article (1.3.6) or (2.1-A.1) of Annex 2 as the case may be.

4. In all cases the Letters of Guarantee which will be submitted to the Employer will be according to sub-Article (6.1.3) of the Contract Agreement.

NEW ESNA BARRAGE & POWER PROJECT

ANNEX NO. 3

TO CONTRACT AGREEMENT

SCHEDULE OF DISBURSEMENT

* * * * *

SCHEDULE OF DISBURSEMENT

SEMESTERS	EGYPT. POUNDS	ITALIAN LIRAS (GRANT)	USA DOLLARS (SOFT)	USA DOLLARS EXP.CR.	USA DOLLARS (RUM.)	AUSTRIAN SCHILLINGS (ELIN)
1	23.0 %	---	---	---	---	---
2	5.0 %	60.0 %	26.0 %	2.6 %	15.0 %	20.0 %
3	8.0 %	10.0 %	6.0 %	---	---	---
4	19.0 %	13.0 %	13.0 %	---	27.0 %	---
5	18.0 %	5.0 %	20.0 %	---	35.0 %	10.0 %
6	13.0 %	5.0 %	19.0 %	---	6.0 %	28.0 %
7	6.0 %	2.0 %	12.0 %	---	12.0 %	27.0 %
8	5.0 %	---	4.0 %	74.4 %	5.0 %	10.0 %
9	3.0 %	5.0 %	---	23.0 %	---	5.0 %
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

NEW ESNA BARRAGE & POWER PROJECT

ANNEX NO. 4

TO CONTRACT AGREEMENT

OUTLINES OF THE FINANCING PACKAGE COVERING THE FOREIGN PORTION OF THE CONTRACT

* * * * *

1. <u>ITALIAN COMPONENT</u>

1.1 Italian Grant for Italian Liras 24,644,000,000 (twenty four billion six hundred forty four million) provided by the Italian Ministry of Foreign Affairs.

1.2 Soft Loan of USA Dollars 85,650,000 (eighty five million six hundred fifty thousand) provided by the Italian Government through MEDIOCREDITO CENTRALE at the following terms and conditions:

- Rate of Interest : 1,5% (one point five percent) per annum (fixed);

- Repayment of Principal : 20 (twenty) equal, semiannual, consecutive instalments, the 1st (first) of which falling due 126 (one hundred and twenty six) months from the date of effectiveness of the relevant Convention.

1.3 Export Credit (in the form of a Buyer's Credit) up to USA Dollars 9,500,000 (nine million and five hundred thousand only) provided by a pool of Banks, arranged by BNL - Investment Bank plc - London, at the following main terms and conditions:

- Rate of interest : The interest rate will be the official Consensus Rate in force at the date of signature of the Loan Agreement.

- Repayment of principal : 20 (twenty) equal, semiannual, consecutive instalments, the first of which falling due 6 (six) months after the "execution period" of the project as defined in the Contract;

- SACE Insurance Premium : to be paid by the Borrower, as a condition precedent to the Credit effectiveness.

- Out of pocket expenses : to be reimbursed by the Borrower.

The Export Credit shall be arranged within the framework of the Italian Law No.227 of May 24, 1977, with the subsidy of MEDIOCREDITO CENTRALE and the SACE insurance coverage as a condition precedent to the Credit effectiveness.

The Export Credit shall be utilized to settle the contractual payments due in respect of the scope of the Contract pertaining to the Italian Component, after the complete utilization of the Soft Loan with the exception of the first drawdown of amount of US Dollars 250.000,= (two hundred fifty thousand only) which shall be made within the first 6 (six) months counted from the date of the signature of the Credit Agreement.

2. AUSTRIAN COMPONENT

As per the enclosed proposal of GENOSSENSCHAFTLICHE ZENTRAL BANK, Vienna, Austria dated 20/2/89
28/2/89

3. RUMANIAN COMPONENT

3.1 Commercial credit arranged by BNL - Investment Bank plc - London, according to detailed conditions to be agreed with the Bank:

- amount : up to USA Dollars 1,500,000 (one million five hundred thousand)

- repayment : in one instalment occuring five years from the date of drawdown.

- interest rate : depending on market conditions.

3.2 Supplier's Credit provided by Romemergo, through a Supplier's Credit Agreement:

- amount : up to USA Dollars 8,033,936 (eight million thirty three thousand nine hundred thirty six) represented by Promissory Notes;

- interest rate : 5% (five percent per annum) Interest accrued during the construction period will be paid with the first semiannual repayment instalment of the principal calculated from the date of each delivery;

- repayment : made in 20 (twenty) half-yearly instalments equal and consecutive, the first instalment falling due at 56 (fifty six) months after the date of signing of the Construction Contract.

The Promissory Notes shall be guaranteed by a letter of guarantee issued by an Egyptian Bank accepted by Rumanian Bank for Foreign Trade.

All the financing package is subject to the final approval of both the Egyptian and the Italian, Austrian and Rumanian competents Authorities.

BNL Investment Bank plc

Registered Office:
Peninsular House,
36, Monument Street,
London EC3R 8LJ
Registered in England No. 2041778

Member of The Securities Association

Telephone: 01-929 2399 (General)
Telex: 919814 BNLIBK
Fax: 01-283 9200

The Ministry of Public Works
and Water Resources acting for the
Arab Republic of Egypt
Cairo
EGYPT

24nd February 1989

Dear Sirs,

<u>Financing related to the New Esna Barrage and Power Project</u>

With reference to our letter of intent dated 8th February 1989 relating to the above facility, we are pleased to advise you that the validity of this letter has been extended to 31st March 1989 with all terms and conditions remaining the same.

We trust that the above will meet with your requirements and look forward to receiving your agreement in writing to the terms and conditions mandating us by 31st March 1989, in order to enable us to proceed with the organisation of this facility.

Should you require any further information, please do not hesitate to contact us.

Yours faithfully,

For and on behalf of
BNL Investment Bank Plc

Edith J. Albert
Assistant Manager

Marco E. Peyron
Executive Director

BNL Investment Bank plc

Registered Office:
Peninsular House,
36, Monument Street,
London EC3R 8LJ
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The Ministry of Public Works
and Water Resources acting for the
Arab Republic of Egypt
Cairo
Egypt

7

8 February 1989

Dear Sirs,

<u>Financing related to the New Esna Barrage and Power Project</u>

With reference to previous offer letters addressed to EUROCEB, European Consortium for ESNA Barrage, and further to recent conversations in Cairo, we are now submitting on behalf of the BNL Group a revised letter of intent detailing the principal terms and conditions proposed for the above-mentioned financing, subject to our final board approval. The letter will consist of two parts, the first being an Italian Export Credit based on the support of Istituto Centrale per il Credito a Medio Termine ("Mediocredito Centrale") and the Guarantee of Sezione Speciale per l'Assicurazione del Credito all'Esportazione ("SACE"). The second detailing a complementary credit for the Rumanian portion of the contract.

<u>ITALIAN EXPORT CREDIT.</u> This facility is subject to Mediocredito Centrale's agreement to provide certain fee and interest subsidies and to SACE providing a guarantee for up to 95 per cent.

Borrower:	The Ministry of Public Works and Water Resources acting for the Arab Republic of Egypt.
Guarantor:	National Bank of Egypt, Cairo.
Purpose:	To partly finance the Italian content of the contract between the Borrower and the consortium consisting of Impresit-Girola-Lodigiani (Impregilio) S.p.A., CO.GE.FAR. Costruzioni Generali S.p.A. and G.I.E. - Gruppo Industrie Elettromeccaniche per Impianti all'Estero S.p.A. for the construction of the ESNA hydro-electric power plant.

Amount:	Up to USD 9.5 million
Availability:	For a period of 50 months from the date of signature of the loan agreement.
Drawdown:	Minimum drawdown to be USD 250,000. First drawdown to occur within 6 months from signing of the loan agreement, further drawdowns at intervals of at least 30 days.
Repayment:	In 20 equal consecutive semi-annual instalments commencing 56 months from Loan Agreement date or, if earlier, six months after the date of provisional acceptance as defined in the construction contract.
Prepayment:	Not allowed unless specifically authorised by Mediocredito Centrale.
Interest Rate:	0.30 per cent per annum fixed, payable semi-annually in arrears provided that this is the rate finally accepted by Mediocredito Centrale (in accordance with Article 24(c) of Law No.227 of 22.5.77). A condition of Mediocredito's acceptance is the signature of both the commercial contract and the loan agreement by 14th July 1989.
Fees:	No commitment or management fee shall be payable by the Borrower provided that the first drawdown takes place within 6 months from signature of the loan agreement and that the facility is fully utilised. Should the first drawdown date be delayed, a commitment fee of 0.50 per cent per annum shall be payable by the Borrower on the total amount of the facility from the date of signing the loan agreement to the date six months prior to the date of first drawdown. Moreover, the Borrower shall indemnify the Lender(s) for an under-utilisation of the facility which may result in a reduction of the management and commitment fees received by the Lender(s) from Mediocredito Centrale.
Agency Fee:	No agency fee shall be payable by the Borrower.
Insurance Premium:	The SACE insurance premium shall be payable by the Borrower as a condition precedent to the drawdown and shall be deposited in advance with the Agent bank to facilitate the procedure of disbursement.
Arranger:	BNL Investment Bank Plc.

Agent Bank:	An entity of the BNL Group to be determined.
Italian Paying Agent:	Banca Nazionale del Lavoro, Milan Branch.
Out-of-Pocket Expenses:	The Borrower shall reimburse the out-of-pocket expenses incurred for the preparation, negotiation and execution of the loan documentation not reimbursed by Mediocredito Centrale up to a maximum of USD 20,000.
Taxes:	All payments to be free and clear of any taxes, withholdings and any other deductions.
Documentation:	The financing shall be subject to Loan and Guarantee Agreements governed by the laws of England and containing clauses usual for this type of facility including without limitation waiver of sovereign immunity, acceleration and cross default clauses. An interest subsidy agreement with Mediocredito Centrale and the SACE guarantee shall constitute conditions precedent to the availability of the facility.

COMPLEMENTARY CREDIT

Borrower:	The Ministry of Public Works and Water Resources acting for the Arab Republic of Egypt.
Guarantor:	National Bank of Egypt, Cairo.
Amount:	Up to USD 1.5 million.
Purpose:	To finance the advance payment to Romenergo related to their portion of the contruction contract.
Availability:	Drawdown in one instalment shall be made within one year from signing of the loan agreement.
Repayment:	In one instalment occurring five years from the date of drawdown.
Prepayment:	Not allowed.
Interest Rate:	13 per cent per annum fixed. This rate shall be subject to revision depending on market conditions up to the signing of the loan agreement.
Management Fee:	0.50 per cent flat calculated on the total amount of the facility and payable upon drawdown, cancellation of the facility or expiry of the availability period.

Commitment Fee:	0.50 per cent per annum calculated on the undrawn portion of the facility and payable upon drawdown.
Arranger:	BNL Investment Bank Plc.
Agent Bank:	An entity of the BNL Group to be determined.
Agency Fee:	USD 7,500 per annum.
Expenses:	The Borrower shall pay USD 30,000 as flat reimbursement of costs and expenses incurred for the organisation of the facility, excluding legal fees which shall be for the account of the Borrower and separately reimbursed as documented.
Taxes:	All payments to be free and clear of any taxes, withholdings and any other deductions.
Documentation:	The financing shall be subject to Loan and Guarnatee Agreements governed by the laws of England and containing clauses usual for this type of facility including without limitation waiver of sovereign immunity, acceleration and cross default clauses.

This indication of services is valid until 28 February 1989, and is subject to EUROCEB being awarded the contract.

We trust that the above terms will meet with your requirements and look forward to receiving your agreement to the above by 28th February 1989 in order to enable us to proceed with the organisation of this facility.

Should you require any information, please do not hesitate to contact us.

Yours faithfully,

For and on behalf of
BNL Investment Bank plc

M.E. Peyran E.J. Albert

GENOSSENSCHAFTLICHE ZENTRALBANK AG

GZB-VIENNA

A-1011 VIENNA, HERRENGASSE 1 - P.O.B. 50
TELEPHONE NO. 66 62-0
CABLEWORD: ZENTRALBANK WIEN
TELEX NO.: 136989
SWIFT CODE: ZENT AT WW

Member bank of UNICO banking group

Ministry of Public Works and
Water Resources of the Arab
Republic of Egypt

CAIRO - EGYPT

YOUR REFERENCE	YOUR LETTER DATED	OUR REFERENCE	DATE:
		jon	1989 02 20

Re: <u>ESNA hydro-electric power plant</u>

Dear Sirs,

Upon request of our customer, ELIN-Union AG, Vienna, we herewith extend the validity of the terms and conditions of our term sheet, dated January 13, 1989 for the financing of the Austrian portion of the ESNA hydro-electric power plant until March 31, 1989.

Yours faithfully,

GENOSSENSCHAFTLICHE ZENTRALBANK
AKTIENGESELLSCHAFT

5729A/54

GENOSSENSCHAFTLICHE ZENTRALBANK AG

GZB-VIENNA

A-1011 VIENNA, HERRENGASSE 1 - P.O.B. 50
TELEPHONE NO. 66 62-0
CABLEWORD: ZENTRALBANK WIEN
TELEX NO.: 136989
SWIFT CODE: ZENT AT WW

Member bank of UNICO banking group

Ministry of Public Works and
Water Resources of the Arab
Republic of Egypt

CAIRO - EGYPT

YOUR REFERENCE	YOUR LETTER DATED	OUR REFERENCE	DATE:
		grü/um	1989 01 13

Re: ESNA - Hydro-electric power plant

Dear Sirs,

Upon request of our customer, ELIN-Union AG, Vienna, we are pleased to present herewith the principle terms and conditions upon which Genossenschaftliche Zentralbank AG would be prepared to arrange financing of the Austrian portion of the ESNA hydro-electric power plant project.

The proposed facility consists of but is not limited to the terms and conditions outlined in the offering term sheet. As you will appreciate the terms set out in the term sheet are subject to the conclusion of loan agreements and all necessary legal documentation will be prepared once we receive your written acceptance of our offer.

We look forward to your favourable response to our offer and to your final mandate to us to proceed with this transaction.

Kind regards,

GENOSSENSCHAFTLICHE ZENTRALBANK
AKTIENGESELLSCHAFT

5729/9A

GENOSSENSCHAFTLICHE ZENTRALBANK

AKTIENGESELLSCHAFT

Jan. 13, 1989
5729/4A

TERM SHEET FOR THE FINANCING OF THE AUSTRIAN PORTION OF THE ESNA HYDRO-ELECTRIC POWER PLANT

Borrower:	The Arab Republic of Egypt acting through its appropriate Ministry
Project:	ESNA - hydro-electric power plant
inancing structure:	The financing will be arranged on the basis of two loan agreements. Loan I will be a standard euro-credit facility provided by a syndicate of commercial banks. Loan II will be extended under the Austrian Export Promotion Scheme (OKB).
Austrian Vendor:	ELIN-Union AG, Wien ("ELIN"), as sub-contractor under the agreement (the "Contract") between the competent Ministry of the Republic of Egypt and the Consortium consisting of IMPREGILO S.p.A., Italy ("IMPREGILO"), Costruzioni Generali S.p.A., Italy ("COGEFAR"), Gruppo Industrie Elettromeccaniche per Impianti all'Estero, Italy ("GIE") and State Enterprise for Foreign Trade, Romania ("ROMENERGO").
Agent Bank:	Genossenschaftliche Zentralbank AG, Vienna
Total amount and purpose of loans:	The total amount of the Loans will not exceed ATS 140,000,000 and will be used to finance the Austrian portion of the supplies, services and works in connection with the Austrian generator portion for the NEW ESNA Barrage and Power Project.
Currency and structure of loans:	The total amount of the Loans will be made available in ATS. Loan I will be in an amount sufficient to cover the downpayment in the amount of 15 % of the value of Austrian goods and services. Loan II will be in an amount equal to 85 % of the value of Austrian goods and services.

Drawdown and disbursement of funds:	Drawdowns and disbursements under the loan agreements will be made as follows: Loan I shall be made available in one sum within eight months after the date of signing of the Contract upon receipt of a drawdown notice or adequate documentation from the Borrower and shall be disbursed by the Agent Bank directly to ELIN. Loan II will be made available during the period of construction and shall be disbursed by the Agent Bank directly to ELIN upon receipt by the Agent Bank of (i) a disbursement notice together with (ii) certain documents as defined in the loan agreement.

Interest Rates and Fees:

Loan I

Amount:	up to ATS 21,000,000
Rate:	The interest rate would be 9 % p.a. fixed for the life of the loan. Prior to the drawdown of the loan the interest rate may be adjusted so as to reflect the then prevailing market situation.
Management fee:	2,5 % flat of the total amount of Loan I payable within 14 days after the date of signing of the loan agreement
Agency fee:	US $ 5,000 p.a. payable within 14 days after the date of signing of the loan agreement and thereafter on each anniversary of such date as long as any amount is outstanding or commited

Loan II

Amount:	up to ATS 119,000,000
Rate:	5,5 % p.a. fixed for the life of the loan
Commitment fee:	0,25 % p.a. on the balance of Loan II undrawn during the construction period

Management fee: 0,5 % flat of the total amount of Loan II payable within 14 days after the date of signing of the loan agreement

Agency fee: US $ 5,000 p.a. payable within 14 days after the date of signing after the loan agreement and thereafter on each anniversary of such date as long as any amount is outstanding or commited

Computation of interest / fees: Interest and commitment fee on both loans will be computed on the basis of a year of 360 days and for the actual number of days elapsed and shall be payable quarterly in arrears.

Default interest: If any amount payable under the loan agreement is not paid when due, the Borrower shall pay default interest on such amount at the rate being

(i) 1 % above the cost to the lending banks of funding amount(s) overdue for an initial period of 30 days

(ii) 2,0 % above the cost of funding thereafter.

Security: Loan I and Loan II will be secured by an irrevocable and unconditional payment and transfer guarantee of the Central or National Bank of Egypt.

Repayment:

Loan I:
----
in 2 equal, consecutive, semi-annual instalments, commencing fiftyfour months after the date of signing of the loan agreement

Loan II:
----
in forty equal semi-annual instalments, commencing six months after completion of the project, but in any event not later than fiftysix months after signing of the loan agreement

Taxes: The Borrower shall make all payments free and clear of all taxes, stamp duties or withholdings of whatever nature.

Documentation: Standard euro-currency clauses customary for transactions of this kind, as far as Loan I is concerned, and specific conditions in line with the requirements of the Austrian Export Promotion Scheme as far as Loan II is concerned.

Conditions Precedent:	To include, but not limted to:
	a) all necessary final approvals of the Borrower and the boards of the lending banks;
	b) all necessary approvals of the respective authorities in Egypt and Austria, in particular the approval of the Austrian Export Promotion Authority in accordance with the terms of the Ausfuhrförderungsgesetz (Export Promotion Act) of 1981 as amended;
	c) other customary conditions of closing including but not limited to representations, warranties and legal opinions;
	d) prior to each disbursement no Event of Default existing under the loan agreements or any other credit agreements of the Borrower;
	e) signing of the respective contracts by the competent Ministry of the Republic of Egypt, the contractors and nominated sub-contractors.
Events of Default:	as customary for loan agreements of this kind
Acceleration:	Upon the occurence of any Event of Default, the lending banks may cancel their commitment to make further disbursements and declare the entire amount of the Loan(s) and interest accrued thereon to become immediately due and payable.
Governing law:	the laws of the Republic of Austria
Jurisdiction:	Non-exclusive jurisdiction of the courts of Vienna. The Borrower will appoint agents for service of process in Vienna and will waive all immunity from suit, attachement and/or execution of judgement which it enjoys or might enjoy in the future.

./.

Legal fees and customary out-of-pocket expenses:

The Borrower shall reimburse Genossenschaftliche Zentralbank AG, Vienna, for out-of-pocket expenses up to US $ 50,000 (including but not limited to legal fees, travelling expenses, printing costs, etc) incurred in the negotiation, syndication and execution of this project financing facility.

Further Negotiations:

This term sheet, the conditions of which are valid until Feb. 28, 1989, outlines the basic structure under which the financing of the Austrian part of the project may be arranged by the lending banks. It is understood that, in view of the complexity of the proposed transaction, other issues of substance as well as the precise form of the documents executed by the parties may have to be discussed and resolved. The parties agree to use their best efforts to consummate the transaction on a mutually satisfactory basis as quickly as possible.

NEW ESNA BARRAGE & POWER PROJECT

ANNEX NO. 5

TO CONTRACT AGREEMENT

PROGRAM OF WORKS

* * * * *

EXECUTION PERIOD

The completion time (execution period) of the project (as shown in the program of works herewith enclosed) shall be 50 (fifty) months starting from the order to commence the Works, plus such extensions as may be determined under the provisions of the Contract.
The order to commence the Works will be given in writing by the Engineer to the Contractor within 30 (thirty) days from the Contract coming into force and it will be deemed as automatically having been given and having full effect under the provisions of the Contract at the expiry of such period if not actually issued.

At the moment of the order to commence the Employer will give to the Contractor possession of so much of the Site as may be required to enable the Contractor to commence and to proceed with the execution of the Works.

The guaranteed completion dates counted from the date of commencement of the works will be not later than:

Employer's housing:

(i)	6 months for	: 4 houses type 1.
		: 9 houses type 2.
		: 7 houses type 3.
(ii)	12 months for	: 4 houses type 1.
		: 9 houses type 2.
		: 7 houses type 3.

Low Cost Units (multistore buildings):

The Employer, making use of his right of option, hereby instructs the Contractor who accepts to exclude from the scope of works of this Contract the Low Cost Units (multistore buildings), which are the subject of the Employer's option under Clause 1.21.3 (b3) of the Technical Specifications Volume IIA of the Tender.

(i)	9 months for	: 20 units.
(ii)	12 months for	: 20 units.
(iii)	21 months for	: 60 units.

Generating Units.

(i)	47 months for	: U 1 and U 2.
(ii)	48 months for	: U 3 and U 4.
(iii)	49 months for	: U 5 and U 6.

NEW ESNA BARRAGE & POWER PROJECT

ANNEX NO. 6

TO CONTRACT AGREEMENT

GIE SCOPE OF WORKS - MAIN EQUIPMENT VENDORS LIST

* * * * *

1)	STEP UP TRANSFORMERS	- ANSALDO	ITALY
		- IEL	ITALY
2)	TRASH RACKS, RACKING MACHINE	- CASTAGNETTI *	ITALY
		- RIVA CALZONI	ITALY
		- MAGRINI GALILEO	ITALY
		- STF TRIFONE *	ITALY
		- MANGIAROTTI *	ITALY
3)	GANTRY CRANES	- MAGRINI GALILEO	ITALY
		- ITI *	ITALY
		- MOCCHETTI *	ITALY
		- ITALKRANE *	ITALY
4)	ELEVATORS	- CEN *	ITALY
		- CEAM *	ITALY
		- SCHINDLER	ITALY
		- MASPERO *	ITALY
		- FIAMM	ITALY
		- SABIEM	ITALY
5)	FIRE FIGHTING SYSTEMS	- ASCOTEK *	ITALY
		- THERMOSYSTEM *	ITALY
		- SPRINKLER	ITALY
		- FAS *	ITALY
		- SIA	ITALY
		- FUMAGALLI	ITALY
6)	EMERGENCY DIESEL GENERATORS	- ISOTTA FRASCHINI	ITALY
		- AUSONIA	ITALY
		- CTM *	ITALY
		- ERGEM *	ITALY
		- SIGEM *	ITALY
7)	CABLES	- PIRELLI	ITALY
		- CEAT	ITALY
		- ALFA CAVI	ITALY
		- FMC	ITALY
		- NUOVA FULGOR CAVI	ITALY
8)	SUBSTATION H.V. EQUIPMENT:		
	- DISCONNECTING SWITCHES	- NUOVA MAGRINI GALILEO	ITALY
		- ASEA BROWN BOVERI	ITALY
		- ALSTHOM	FRANCE
		- COELME *	ITALY
		- CEME *	ITALY
		- SPRECHER SCHUH	SWITZERLAND
	- CT, VT	- NUOVA MAGRINI GALILEO	ITALY
		- ASEA BROWN BOVERI	ITALY
		- BALTEAU	FRANCE
		- ARTECHE *	ITALY
		- NUOVA ADDA *	ITALY

- LIGHTING ARRESTERS	- ASEA BROWN BOVERI	ITALY/SWEDEN
	- SIEMENS	ITALY/GERMANY
	- G.E.	U.S.A.
	- AEG	ITALY/GERMANY
- INSULATORS	- NGK	JAPAN
	- COOP.CERAMICA IND.	ITALY
	- CERAVER	FRANCE
	- IFO *	ITALY
	- HOECHST CERAMTEC	GERMANY
	- ITALISOLATORI	ITALY
9)- CIRCUIT BREAKERS 132 KV	- NUOVA MAGRINI GALILEO	ITALY
	- ASEA BROWN BOVERI	ITALY/SWISS
	- ALSTHOM	FRANCE
	- SPRECHER SCHUH	SWITZERLAND
10) SUBSTATION STEEL STRUCTURES	- SIRZ	ITALY
	- SIFA	ITALY
	- FRATELLI BIT	ITALY
	- ICOMSA	ITALY
	- SAE	ITALY
11) M.V. SWITCHGEAR	- NUOVA MAGRINI GALILEO	ITALY
	- CEME *	ITALY
	- ASEA BROWN BOVERI	ITALY
	- NUOVA ADDA *	ITALY
	- SIEMENS	ITALY
12) AUX. TRANSFORMERS	- OTE	ITALY
	- OCREV *	ITALY
	- OCEM *	ITALY
	- TESAR	ITALY
	- TRAFO	ITALY
13) A.C. LOW VOLTAGE DISTRIBUTION SYSTEM	- SKEMA	ITALY
	- SAIE	ITALY
	- IME	ITALY
	- ELITAL	ITALY
	- SGM	ITALY
	- ESI	ITALY
14) BATTERIES	- FIAMM	ITALY
	- VARTA	ITALY
	- MAGNETI MARELLI	ITALY
	- SAFT ITALIA	ITALY
	- SAB NIFE	ITALY
15) RECTIFIERS	- BORRI	ITALY
	- NIFE	ITALY
	- AEG	GERMANY
	- SAIANI PIZZOLA	ITALY

16) PROTECTION RELAYS	- ASEA BROWN BOVERI	ITALY/ SWEDEN/ SWITZERLAND
	- GENERAL ELECTRIC	U.S.A.
	- SIEMENS	GERMANY
	- GEC	UK
17) POWER LINE CARRIER	- ASEA BROWN BOVERI	ITALY
	- TELETTRA *	ITALY
	- GENERAL ELECTRIC	U.S.
	- SIEMENS	ITALY/ GERMANY
18) TELEPHONE SYSTEM	- SELTA *	ITALY
	- ITALTEL	ITALY
	- PHILIPS	ITALY
	- FILTRE *	ITALY
	- TELEA MARELLI *	ITALY
	- ERICSON	SWEDEN
19) POWER PLANT CONTROL EQ.	- DATA GENERAL	ITALY
	- ESA CONTROL *	ITALY
	- S.D.I. *	ITALY
	- L & N	U.S.A.
	- BAILEY	ITALY/U.S.A.
20) REMOTE THERMAL UNIT (R.T.U.)	- CONTROL DATA - CDC	U.S.A.
	- WESTINGHOUSE	UK
	- L & N	U.S.A.

- * - Reference list for this manufacturer will be submitted by the Contractor for the approval of the Engineer/Employer.

ERECTION of Power House

- SICOM	ITALY
- IEMSA	ITALY
- SAE SADELMI	ITALY
- KAHROMICA	EGYPT
- ELEJECT	EGYPT
- HIDELECO	EGYPT

Erection of Switchgear Station & T.L.

To be subcontracted to local Egyptian subcontractors subject to the Employer's approval.

ROMENERGO SCOPE OF WORK - MAIN ITEMS VENDORS LIST

14310	MONORAILS FOR NAVIGATION CULVERT GATES	- UNIO SATU MAARE
14330	POWERPLANT OVERHEAD CRANE	- I M TIMISOARA
14360	CHAIN WINCHES FOR SPILLWAY RADIAL GATES	- I C M RESITA - I U T BISTRITA - AUTOMATICA BUCURESTI
14380	HAULING CAPSTANS	- I C M RESITA - I M N GALATI - AUTOMATICA BUCURESTI
14650	BASCULE BRIDGE	- I C M BOCSA - I C M RESITA - AUTOMATICA BUCURESTI
15410	DEWATERING AND DRAINAGE SYSTEM	- I C M RESITA
18211	POWER PLANT UPSTREAM STOPLOGS	- I C M BOCSA - I U T BISTRITA - LOCAL EGYPTIAN FIRM
18212	SPILLWAY DOWNSTREAM STOPLOGS	- I C M BOCSA - I U T BISTRITA - LOCAL EGYPTIAN FIRM
18215	POWER PLANT TEMPORARY STOPLOGS	- I C M BOCSA - I U T BISTRITA - LOCAL EGYPTIAN FIRM
18221	SPILLWAY UPSTREAM STOPLOGS	- I C M BOCSA - I U T BISTRITA - LOCAL EGYPTIAN FIRM
18351	POWER PLANT DOWNSTREAM BULK HEAD GATES	- I C M BOCSA - I C M RESITA - I U T BISTRITA - LOCAL EGYPTIAN FIRM
18411	SPILLWAY RADIAL GATES	- I C M BOCSA - I C M RESITA - I U T BISTRITA - LOCAL EGYPTIAN FIRM

18611	NAVIGATION LOCK MITRE GATES	- I C M BOCSA - I C M RESITA - I U T BISTRITA - AUTOMATICA BUCURESTI - LOCAL EGYPTIAN FIRM
18661	NAVIGATION LOCK CULVERT GATES	- I C M BOCSA - I C M RESITA - I U T BISTRITA - AUTOMATICA BUCURESTI - LOCAL EGYPTIAN FIRM
18665	NAVIGATION LOCK CULVERT STOPLOGS	- I C M BOCSA - I U T BISTRITA - LOCAL EGYPTIAN FIRM
18681	NAVIGATION LOCK MISCELLANEOUS EQUIPMENTS	- I C M BOCSA - I C M RESITA - I U T BISTRITA - AUTOMATICA BUCURESTI - LOCAL EGYPTIAN FIRM
18682	NAVIGATION LOCK CULVERT TRASH RAKS	- LOCAL EGYPTIAN FIRM

The locally egyptian firms will be chosen among the following:

- TERSANA
- STALCO
- FEROMETALCO
- METALCO
- PORT SAID ENGINEERING WORKS
- ABOU YOUSEF
- ARAB CONTRACTORS

NOTE : The Rumanian and locally Egyptian firms involved in this project are not limited to these mentioned above. During designed stage may be some changes and it will be submitted to the Engineer for approval.

NEW ESNA BARRAGE & POWER PROJECT

ANNEX NO. 7

TO CONTRACT AGREEMENT

TASKS AND RESPONSIBILITIES

CONCERNING BULB TURBINES AND GENERATORS

* * * * *

1) As regarding Bulb Turbines and Generators, GIE will avail itself of the co-operation of De Pretto-Escher Wyss and ELIN as Designated Subcontractors; based on such a cooperation, the following splitting of tasks shall be implemented:

a) Bulb Turbines

- Hydraulic Design	:	De Pretto-Escher Wyss executed by Sulzer-Escher Wyss
- Mechanical Design	:	De Pretto-Escher Wyss and approved by Sulzer-Escher Wyss
- Performance Guarantee	:	De Pretto-Escher Wyss, guaranteed by Sulzer-Escher Wyss
- Construction of Turbine Model	:	De Pretto-Escher Wyss, executed by Sulzer-Escher Wyss
- Laboratory of Model Tests	:	De Pretto-Escher Wyss executed by Sulzer-Escher Wyss
- Workshop Drawings	:	De Pretto-Escher Wyss/ GIE-Hydroart
- Quality Control Procedure	:	De Pretto-Escher Wyss/ GIE-Hydroart accepted by Sulzer -Escher Wyss

B) Generators

- General design	:	ELIN
- Performance guarantee	:	ELIN
- Electromagnetic Design	:	ELIN
- Mechanical Design	:	ELIN
- Design of some components (excitator, AVR) not specific about bulb type Generators	:	GIE - ANSALDO
- Workshop drawings	:	ELIN/GIE - ANSALDO
- Quality Control Procedure	:	ELIN/GIE - ANSALDO accepted by ELIN

2) The manufacturing of the six Bulb Turbines will be executed by De Pretto-Escher Wyss - Italy and Hydroart - Italy, while the manufacturing of Generators will be made by ELIN, Austria and Ansaldo, Italy.

In respect of the manufacturing of the Bulb Turbines, Sulzer-Escher Wyss will be entrusted for checking compliance with quality control procedures by appropriate measures.

In respect of the manufacturing of the generators, ELIN will check compliance with quality control procedures by appropriate measures.

The Quality Control Reports to be written and signed by Sulzer-Escher Wyss for the turbine and by Elin for the generator and sent to the Employer /Engineer regularly.

3) As regards the Bulb Turbines, GIE assures that the following tasks will be entrusted to Sulzer-Escher Wyss - Zurich:

- Execution of Hydraulic Design
- Approval of Mechanical Design
- Construction of Turbine Model
- Execution of Model test
- Approval of quality control procedure
- Check of compliance with quality control procedure by appropriate measures.

As a confirmation of such commitment of GIE, a letter of guarantee from Sulzer-Escher Wyss to the Ministry of Public Works and Water Resources is attached hereto as an Appendix.

4) Without prejudicing any of the Employer rights under this Contract any programme different from the one hereinabove outlined, provided it has not been previously agreed with the Employer/Engineer will constitute a breach of Contract and is occasion for termination of the Contract for default.

NEW ESNA HYDRO POWER PLANT

Cooperation between GIE and the DPEW/ELIN Consortium for the engineering, supply, construction and commissioning of Section 17 - "Bulb - Generating Unit".

1 - Within the Consortium in charge of the setting-up of the New Esna Project, GIE will be contractually responsible for Section 17.

2 - The New Esna Contract is based on the fact that for the above mentioned Section 17, GIE will avail itself of the cooperation of "De Pretto-Escher Wyss" and "Elin" Companies, as designated subcontractors of GIE, according to the details given hereinbelow.

3 - DPEW's responsibilities will cover the Bulb-turbines portion of the Section 17, whereas Elin's responsibilities will cover the generators; this notwithstanding, towards GIE, DPEW and Elin will undertake a joint and several responsibility, thus giving GIE a general coverage of their responsibilities.

DPEW and Elin will so utilize for New Esna Project the results and experiences of the available long lasting cooperation in building Escher Wyss bulb turbines coupled with Elin generators.

4 - DPEW, a fully owned subsidiary of Sulzer-Escher Wyss Zurich and a member of the EW Hydraulic group, will avail itself, for the New Esna Project of the cooperation of its mother Company according to the details given hereinbelow.

5 - The manufacturing of the turbines will be splitted between DPEW and Hydroart, whereas that of the generators will be splitted between Elin and Ansaldo.

This splitting of work allows both to maximize the utilization of the Italian Credit and, at the same time to involve in the manufacturing, the Companies particularly experienced in the technological aspects of the turbines and the generators.

6 - The technical responsibility, among all involved parties, will be undertaken during the complete period of the Contract implementation, by DPEW for the turbines and by Elin for the generators.

7 - On the basis of the statements made herein, GIE and DPEW/Elin are now outlining in the annexed Tables A and B the sharing of work between them, covering all the tasks and duties to be performed for the complete implementation of the Contract, as far as section 17 is concerned.

G I E

DPEW / ELIN

Cairo, 16/10/1988

A) Bulb Turbine:

- General contractual responsibilities : GIE
- Technical responsibility : DPEW
- Sharing of duties :

ITEM	EXECUTED BY
- Hydraulic Design	SEWZ
- Mechanical Design	DPEW
- Approval of Mechanical Design	SEWZ
- Determination of Guarantee figures	DPEW guaranteed by SEWZ
- Construction of Turbine model	SEWZ
- Laboratory Model test	SEWZ
- Workshop Drawings	DPEW/GIE-Hydroart
- Approval of workshop drawings	DPEW
- Definition of quality control procedures	DPEW/GIE-Hydroart
- Acceptance of quality control procedures	SEWZ
- Manufacturing and application of quality control procedures	DPEW / Hydroart
- Checking compliance with quality control procedures by appropriate measures	SEWZ
- Delivery to the site	GIE
- Erection	GIE
- Erection supervision and commissioning tests	DPEW

N.B.: SEWZ = SULZER-ESCHER WYSS ZURICH
DPEW = DE PRETTO-ESCHER WYSS SCHIO

Table "B"

B) <u>Generators</u>

- General contractual responsibilities: GIE
- Technical responsibility : ELIN
- Sharing of duties :

ITEM	EXECUTED BY
- General design	ELIN
- Electromagnetic design	ELIN
- Mechanical design	ELIN
- Design of some components (excitator, AVR) not specific for bulb type generator	GIE - ANSALDO
- Determination of guarantee figures	ELIN
- Workshop drawings	ELIN/GIE ANSALDO
- Definition of quality control procedures	ELIN/GIE-ANSALDO accepted by ELIN
- Manufacturing and application of quality control procedures	ELIN/ ANSALDO
- Checking compliance with quality control procedures by appropriate measures	ELIN
- Delivery to the site	GIE
- Erection	GIE
- Erection supervision and commissioning tests	ELIN/ANSALDO

NEW ESNA BARRAGE & POWER PROJECT

GENERATORS

MANUFACTURING ASSIGNMENT

Stator Housing	ELIN
Core	ELIN
Winding	ELIN
Stator assembly	ELIN
Rotor	ANSALDO
Poles	ANSALDO
Exciter Machine	ANSALDO
Voltage regulator	ANSALDO
Bulb nose conic	ELIN
Bulb nose dome	ELIN
Internal Equipment	ANSALDO
Access shaft	ELIN
Support	ANSALDO
Spare parts	ANSALDO
Erection tools	(ANSALDO & ELIN)

NEW ESNA BARRAGE & POWER PROJECT

TURBINES

MANUFACTURING ASSIGNMENT

TURBINE MAIN COMPONENTS

Stay-ring Wicket gates Wicket gate bearings and glands Wicket gate operating mechanism Turbine guide bearing Shaft Main shaft seal Turbine runner Runner throat ring Draft tube liner Oil head Piping Turbine instruments Erection and installation tools Spare parts	DE PRETTO-ESCHER WYSS & HYDROART

GOVERNOR MAIN COMPONENTS

Electronic governor Speed sensing element Electro-hydraulic transducer Speed relays	DE PRETTO-ESCHER WYSS
Oil pressure supply eqpt. Instruments, alarm and safety devices Spare parts	DE PRETTO-ESCHER WYSS & HYDROART

A more detailed manufacturing assignment will be furnished to the Employer during contract execution.

ELIN

Herewith it is certified that the above mentioned firm is a member of the undersigned Chamber of Commerce.
CHAMBER OF COMMERCE OF VIENNA
~~For the Director:~~

Kammer der gewerblichen Wirtschaft 125 für Wien

ELIN-UNION AG, Postfach 5, A-1141 Wien, Austria

Messrs.
Ministry of Public Works
and Water Resources

Cairo
EGYPT

Your Ref.	Your Letter	Our Ref.	In Charge ☎ (0043/222) 82 9 00 Extension: 2671
		BE-A2/Hol/BS	H. Holzinger

Subject

Date 8th September 1988

NEW ESNA BARRAGE & POWER STATION

DECLARATION

Dear Sirs,

With reference to the subject project, we confirm hereby that we agree to be nominated subcontractor of GIE - Gruppo Industrie Elettro Meccaniche per Impianti all'Estero S.p.A., for the performance of the following activities related to section 17 - turbine and generator - of the scope of work:

- Design of the generator units
- Comanufacturing of generators

We confirm also that we undertake towards you the technical responsibility for the complete units design and performances and control of all manufacturing activities by appropriate quality assurance.

Very truly Yours,

ELIN-UNION
AKTIENGESELLSCHAFT FÜR
ELEKTRISCHE INDUSTRIE

AUSTRO-EGYPTIAN CHAMBER OF COMMERCE in VIENNA
Österreichisch - Ägyptische Handelskammer in Wien

WE CERTIFY THAT THIS IS
AN AUSTRIAN FIRM

Embassy of the Arab Republic of EGYPT (Consular Section) at VIENNA

Seen for legalisation of the signature and seal of .... AECOC

Legalisation No. 1530

Fees collected S 1.060.-

Date 8.9.88

.... The Consul

EGYPT 24.5 LE

التصديق التجاري

DE PRETTO - ESCHER WYSS S.p.A., SCHIO (VI) ITALIA

DE PRETTO-ESCHER WYSS

Società del Gruppo Sulzer
Settore Sulzer Escher Wyss

Casella postale 274
Via Daniele Manin 16 - 18
I - 36015 Schio (VI) ITALIA
Tel. (0445) 691 511 (12 linee S.P.)
Telegr.: FONDERIA SCHIO
Telex 480138 DPEW SI
Telefax (0445) 511 138
C/C postale n. 12485363
C.C.I.A.A. Vicenza 1383
Canc. Trib. di Vicenza NN. 686 Soc. E. 731 Vol. A
Capitale Sociale L.10.000.000.000
CODICE FISCALE E PART. IVA N. 00146350244

Messrs.

MINISTRY OF PUBLIC WORKS AND
WATER RESOURCES

CAIRO - EGYPT

Vs. Rif.	Vs. scritto	Ns. Settore	Relatore	☎ Diretto	Schio
				691	08.09.88

Oggetto: NEW ESNA BARRAGE AND POWER PROJECT

DECLARATION

Dear Sirs,

With reference to the subject project, we confirm hereby that we agree to be nominated subcontractor of GIE - Gruppo Industrie Elettro Meccaniche per Impianti all'Estero S.p.A., for the performance of the following activities related to section 17 - turbine and generator - of the scope of work:

- Hydraulic Model and Profile
- Design of the turbine units
- Comanufacturing of turbines

We confirm also that we undertake towards you the technical responsibility for the complete units design and performances and control of all manufacturing activities by appropriate quality assurance.

Very truly yours,

DE PRETTO - ESCHER WYSS

E. LENZIN
General Manager

U. BOSSHARD
Manager Sales and Engineering

Translation of the letter from English into Italian

Oggetto: PROGETTO NEW ESNA

DICHIARAZIONE

In riferimento al progetto di cui sopra, confermiamo la ns. accettazione ad essere designati quali sotto-fornitori del G.I.E. - Gruppo Industrie Elettro Meccaniche per Impianti all'Estero S.p.A. - per l'esecuzione di quanto segue, in relazione alla Sezione 17 - Turbina e Generatore - dello scopo di fornitura:

- Modello e profilo idraulico
- Progetto delle turbine
- Cofabbricazione delle turbine

Confermiamo altresì che assumeremo nei Vs. confronti la responsabilità tecnica della progettazione completa dei gruppi, delle prestazioni e controlli di tutte le attività riguardanti la fabbricazione, mediante una adeguata garanzia di qualità.

Distintamente,

DE PRETTO-ESCHER WYSS

E. LENZIN
Direttore Generale

U. BOSSHARD
Direttore Tecnica e Vendita

<u>A U T E N T I C A Z I O N E</u>

Certifico io DR. GIOVANNI CARRARO NOTAIO in Schio, iscritto al Collegio Notarile dei Distretti Riuniti di Vicenza e Bassano del Grappa, essere vere ed autentiche perchè apposte in mia presenza e vista le premesse firme dei signori:

- LENZIN ing. ENRICO, nato ad AARAU (Svizzera) il 23 novembre 1923, residente a Schio;
- BOSSHARD ing. URS, nato a BADEN (Svizzera) il 08 novembre 1952, residente a Schio;

della cui identità personale e qualità sono io notaio certo.

I suddetti hanno sottoscritto l'atto che precede nella rispettiva loro qualità di DIRETTORE GENERALE e DIRETTORE Tecnica e Vendita della Società DE PRETTO-ESCHER WYSS S.p.A. con sede legale in SCHIO (Vicenza), Via D. Manin n.16/18, codice fiscale e partita IVA n. 00146350244.

Schio 08 (otto) Settembre 1988.

Carraro Giovanni Notaio in Schio

GIOVANNI FU GIULIO NOTAIO IN SCHIO

CONCESSIONI GOVERNATIVE ATTI AMMINISTRATIVI LIRE 3000

CONCESSIONI GOVERNATIVE ATTI AMMINISTRATIVI LIRE 2000

PROCURA DELLA REPUBBLICA-VICENZA
Visto, si legalizza la firma del
Sig. DR. CARRARO GIOVANNI
NOTAIO IN SCHIO
Vicenza, li 8 SET. 1988
IL PROCURATORE DELLA REPUBBLICA
IL SOST. PROCURATORE DELLA REPUBBLICA
(dott. Paolo Pecori)
Paolo Pecori

PROCURA DELLA REPUBBLICA VICENZA
08.SET.1988
N. 245/88

PROCURA DELLA REPUBBLICA VICENZA

SIGNATURE NOTARIZATION

I, DR GIOVANNI CARRARO, Notary Public of Schio, member of the National Board of the Reunited Districts of Vicenza and Bassano del Grappa, hereby certify that the above signatures are true and authentically affixed in my presence by the following gentlemen:

- LENZIN ENRICO born in AARAU (Switzerland) on 23.11.1923, residing in Schio;

- BOSSHARD URS born in BADEN (Switzerland) on 08.11.1952, residing in Schio;

of whose personal identity and quality I am certain of.

Said gentlemen have signed the above document in their quality of GENERAL MANAGER and MANAGER Sales and Engineering, respectively, of the company DE PRETTO-ESCHER WYSS S.p.A. with registered office in Schio (Vicenza), Via D. Manin 16/18, fiscal code and V.A.T. code No. 00146350244.

Schio 8th September 1988.

STUDIO NOTARILE CARRA
SCHIO - PIOVENE ROCCHE

SULZER-ESCHER WYSS LTD, ZURICH SWITZERLAND

SULZER ESCHER WYSS

Headquarters:
Escher Wyss-Platz, Zürich

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Sulzer-Escher Wyss Ltd
P.O. Box
CH-8023 Zurich

Telephone 01 246 22 11 (Operator)
Telegrams sulzerescherwyss zurich
Telex 822 90011 sech
Telefax (3) 01 246 22 61

Messrs
MINISTRY OF PUBLIC WORKS
AND WATER RESOURCES

C A I R O / Egypt

Your reference	Your letter of	Our reference	Tel. direct dialling	Zurich
		RP/PP/jb	01 246 2205	16.12.88

Re: NEW ESNA BARRAGE AND POWER PROJECT

LETTER OF GUARANTEE

Dear Sirs,

With reference to the subject project, we, the undersigned fully authorized Vice President, Manager Hydraulics Department, and Assistant Vice President, Manager Hydromechanics, of SULZER-ESCHER WYSS LTD., Zurich/Switzerland, a Company incorporated and registered under the Laws of Switzerland whose principal office is at Zurich, Switzerland (hereinafter called "SEWZ"), hereby confirm that DE PRETTO-ESCHER WYSS S.p.A. with offices in 36015 Schio (Vicenza), Italy (hereinafter called "DPEW") is a fully owned subsidiary of SEWZ and a member of the Escher Wyss Hydraulics Group.

In compliance with your request, we hereby guarantee the following:

1. DPEW had and still has full and unlimited access to SEWZ's technology and know-how in respect of bulb turbines and other turbines;

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Official Legalization

Seen for legalization of the foregoing signatures recognized in our presence by
Dr.Klaus HOELLER
who is personally known to us
and
Dr. HERBERT GREIN
who is personally known to us
and who are entered in the Register of Commerce of the Canton of Zurich as manager resp. as assistant manager with the right to sign jointly by two of

SULZER-ESCHER WYSS LTD, with registered headoffice in Zurich.

Zurich, this 19th day of December 1988
B No.53319/22/Le
Fr.10.--

Notariat Zürich (Altstadt)

NOTARIAT ZÜRICH (ALTSTADT) * KT. ZÜRICH *

Seen for legalization
of the above signature
Zurich 19. Dez. 1988
No. 12313 Taxe Fr. 15.-
Chancery of State
of the Canton of Zurich

I. Jordan

Official Legalization

Seen for legalization of the foregoing signatures recognized in our presence by
Dr. Klaus HOELLER
who is personally known to us
and
Dr.Herbert GREIN
who is personally known to us
and who are entered in the Register of Commerce of the Canton of Zurich as Manager resp. as assistant manager with the right to sign jointly by two of

SULZER ESCHER WYSS

2. DPEW will comply with the updated standards and rules applicable at SEWZ in respect of design, manufacture and quality control of bulb turbines;

   Compliance by DPEW with said updated standards and regulations will be ensured through adequate control by SEWZ's specialists.

3. The model test for **NEW ESNA** Bulb Turbines will be carried out under the responsibility and supervision of the Research and Development Department of SEWZ's head office in Zurich.

4. Hydraulic profiles will be reviewed and need to be released by SEWZ's specialists.

5. The mechanical design and the quality control procedure will be approved by SEWZ's specialists.

Furthermore, we shall undertake all measures deemed necessary by us to assure that the Bulb Turbines will be designed and manufactured according to our respective know-how, standards, rules and procedures.

Based on the foregoing, we hereby guarantee that the **NEW ESNA** Bulb Turbines will meet the contractual specifications.

If despite the foregoing, the **NEW ESNA** Bulb Turbines should fail to meet the guaranteed performance values or should any defect occu during the maintenance period due to bad material, faulty design or poor workmanship, than we shall provide, if needed, any technica assistance required to remedy such failure and/or defect.

Very truly yours,

SULZER-ESCHER WYSS LTD.

(Dr. H. Grein) (Dr. K. Höller)

NEW ESNA BARRAGE AND POWER PROJECT

CONTRACT DOCUMENTS

APPENDIX CONTAINING TEXTS OF AGREED SUBJECTS

* * * * *

G.C. = GENERAL CONDITIONS

S.C. = CONDITIONS OF PARTICULAR APPLICATION

1) To be added to CLAUSE 17 G.C.

The original points (bench marks), and one line of reference will be given in writing by the Engineer to the Contractor within one month after the Contract coming into force.

2) To be added :CLAUSE 36.(5) G.C.

Any possible request of samples and tests coming from the concerned Authorities will be through the Employer.

3) To be added to CLAUSE 40 G.C.

For the application of the provisions of the clause, payments against warehouse certificates will be accepted, if the Contractor is directed in writing by the Employer to do so.

4) To be added to CLAUSE 48.(2) G.C.

The Certificate of Completion for the Generating Units will be issued unit by unit after the successful completion of the reliability test.
The Certificate of Completion of first unit will also include the common services, first transformer, transmission line, switchgear and the extension of Esna sub-station.

The performance tests are to be carried out on the one unit selected by the Employer after its reliability test, upon the Contractor's notification, and shall be carried out by the Contractor within 14 days from such notification.

If this performance test cannot be performed for reasons not attributable to the Contractor, then the relevant Certificate of Completion will be issued with reservation. Such reservation will not affect the application of any of these certificates in respect of payment conditions, transfer of responsibility and maintenance period, and the Parties will mutually agree about the measures to be taken to perform such tests. Should the last unit (No.6) be selected and the test cannot be performed within three months from the end of its reliability test, then the Parties shall mutually agree about the measures to be taken.
Should the selected unit fail to meet the guaranteed values, as prescribed in the Tender Specifications, the test will be repeated on all the units.
In case the test has failed on a machine and the Contractor shall intervene on that unit (i.e. to upgrade or replace any part), and if in the opinion of the Engineer, the upgraded or replaced part is affecting an essential part of the machine, then an additional maintenance period for this whole unit/turbine/generator as the case may be will be added to the original maintenance period of 48 months equal to the time elapsed from the issuance of the Certificate of Completion with reservation to the time the upgrading or replacement has been effected. The performance tests have to be performed within 24 months from the substantial completion of the first unit put into operation.

The performance tests shall be the following:
- Turbine output test
- Determination of generator efficiency
- Runaway test
- Sudden short circuit test.

Notwithstanding what is stated above, if a section of the project could not be put into operation for reasons not attributable to the Contractor,three months after its substantial completion and accordingly the Certificate of Completion was not issued then the two Parties will agree upon the measures to be taken.

For dredging works, the works are taken over in sections as they are completed and approved by the Engineer and they are coping with the relevant time in the approved program of works.

5) <u>To be added to CLAUSE 6.(5).(a) - S.C.</u>

The procedure for approval of the design and of the construction drawings will be defined at the beginning of the works based on the following principles:

(i) According to the program of the works a program for construction drawings submittal will be agreed allowing a normal development of construction and manufacturing, specifying also the location of such submittal.

(ii) Shall be approved within one month for the first submittal of design drawings and calculations, or as otherwise agreed, reduced to 15 days for resubmittals of working drawings or as otherwise agreed.

If answers will not be received within the stipulated time the drawings will be considered as having been approved.

(iii) Within the agreed period after submittal, the Engineer notifies the Contractor of his conclusions regarding the drawings by marking them with one of the following statements:

- "Approved"
- "Approved except as noted"
- "Examined and returned for corrections" (with relevant reasons determining rejection duly indicated).

The statements "Approved" and "Approved except as noted" authorize the Contractor to proceed with construction or purchase of goods and equipment covered by such drawings.

6) <u>To be added to CLAUSE 31.(4) - S.C.</u>

The Employer shall pay to the Contractor in respect of such use or services such sum or sums as shall in the opinion of the Engineer be reasonable.

7) <u>To be added to CLAUSE 53.(1) - S.C.</u>

It is understood that Contractor's equipment and plant which will not be any longer necessary for construction will be removed and re-exported, subject to the Engineer's approval.

8) <u>To be added to CLAUSE 53.(10) - S.C.</u>

The Contractor will effect shipments from abroad of materials and equipment according to what have been stated in Clause 53.(10) S.C., unless otherwise provided in the Governmental Loan Agreements or Financial Protocols.

9) To be added to CLAUSE 62.(1) - S.C.

The Final Completion Certificate for dredging works shall be issued within 21 days from completion of the Dredging Works approved by the Engineer provided that the agreed section of works are complying with the approved program of works.

10) DEWATERING INSIDE THE COFFERDAM.

The figures mentioned in the Contractor's offer or in the Tender Design Report (which is not a part of the Tender Documents) for dewatering are only indicative ones.

11) RIVER WORKS

The Ministry has not bound itself in the Contract Documents to any specific period of the year for the beginning of the works, or at any condition under which the earth works shall be carried out accordingly, the discharge values mentioned in the Contractor's offer are not binding the Ministry in any respect. Without prejudicing to Clause (51) of General Conditions the Contractor will be paid according to the rates stipulated in the bill of quantities for the actual quantities based on the approved results deriving from the Model tests.

12) SOCIAL INSURANCE

The ceiling given in the Contractor's offer is deleted.

13) LIQUIDATED DAMAGES ON PERFORMANCE

The ceiling of 5% (five percent) of the Contract Price mentioned in the Contractor's offer is deleted.

14) TECHNICAL SPECIFICATIONS (Volume IIA)

General Remark

The statements of the Contractor in the memorandum attached to his offer (regarding as an example but not limited to: cement to be supplied from Assiut Factory, the location of quarries, if crushing of aggregate is needed, etc....) are not binding the Employer or limiting the Contractor's responsibilities under the Contract provisions.

15) LOW ALKALI CEMENT

In case of possible use of low alkali cement the Contractor will be paid according to the governmental rate prevailing for low alkali cement at the time of its use.

16) HYDRAULIC MODEL TEST

The price of the Model test in the Bill of Quantity is based on the information in the tender documents which have been investigated by the Contractor prior tendering. Accordingly the Ministry is not involved in the mutual relationship between the Contractor and the H.S.R.I..

17) CONTRACTOR'S CAMP AREA

The Contractor is completely responsible to hire his camp area.

18) BANKS

The banks approved in the Arab Republic of Egypt are:

- National Bank of Egypt
- Bank Misr
- Bank of Alexandria
- Bank of Cairo.

19) SUBCONTRACTORS

The Contractor shall sub-contract portions of the work to local suppliers and contractors as follows, provided they are approved by the Employer:

a) Local Civil Contractors, who have relevant experience.

b) One or more of the Ministry of Electricity affiliated Co. for electro-mechanical erection work,namely "KAHROMICA:, "ELEJECT" and "HIDELCO'. In addition the Contractor may subcontract additional erection work to any other local firm.
However, the Leader shall retain the total responsibility for the execution of the Project, and all the aforementioned will not relieve him from any liability or obligation under this Contract.

20) <u>To replace No of copies in CLAUSE 6.5.c - S.C.</u>

Number of copies of the operating and maintenance instructions for the manufactured items are 20 (twenty) copies, and five micro film sets for the plants.

21) <u>TECHNICAL TRAINING</u>

The Contractor undertakes to train at site 20 (twenty) man months of the Employer's staff in the electromechanical field. The details of the training program will be agreed upon after the Contract signature.

22) <u>TECHNICAL SPECIFICATIONS (ELECTROMECHANICAL)</u>

<u>General Remark</u>

The design and calculation of the gates, stoplogs and embeded parts shall be according to the Specifications -Volume II B - and to the approval of the Engineer without change in prices.